

Amend 2 Cal. Code Regs. section 18404.1 as follows:

**§ 18404.1. Termination and Reopening of Committees.**

(a) Pre-2001 Committees. Any candidate controlled committee organized for elective state office for an election held prior to January 1, 2001, must be terminated as set forth in 2 Cal. Code Regs. section 18404 no later than December 31, 2002, except candidates who, as of February 15, 2002, hold elective state office pursuant to an election held prior to January 1, 2001, may retain one pre-2001 controlled committee, subject to the following:

(1) Candidate controlled committees that have no debts must be terminated no later than 9 months after the earliest of the date the candidate leaves office or his or her current term of office ends.

(2) Candidate controlled committees that have debts must be terminated no later than 24 months after the earliest of the date the candidate leaves office or his or her current term of office ends.

(b) 2001 and Post-2001 Committees. Candidate controlled committees organized for elective state office for an election held on or after January 1, 2001, must be terminated as set forth in 2 Cal. Code Regs. section 18404 and as follows:

(1) Candidate controlled committees with no “net debts outstanding,” as defined in 2 Cal. Code Regs. sections 18531.6(d) and 18531.61(d), must be terminated no later than 9 months after the earliest of the date the candidate is defeated, leaves office or the term of office for which the committee was formed ends **{DECISION POINT 1:}[or, for withdrawn candidates, no later than 9 months after the election from which the candidate withdrew.]**

(2) Candidate controlled committees with “net debts outstanding,” as defined by 2 Cal. Code Regs. sections 18531.6(d) and 18531.61(d), must be terminated no later than 24 months

1 after the earliest of the date the candidate is defeated, leaves office or the term of office for  
2 which the committee was formed ends {**DECISION POINT 1:**}[or, for withdrawn  
3 candidates, no later than 24 months after the election from which the candidate withdrew.]

4 (3) Candidates defeated in elections that were held after January 1, 2001, but prior to the  
5 effective date of this regulation, February 15, 2002, shall terminate their committees 9 months  
6 from the effective date of this regulation if the committee has no "net debts outstanding," as  
7 defined in 2 Cal. Code Regs. section 18531.6, and 24 months from the effective date of this  
8 regulation, if the committee has outstanding debts.

9 (c) On or before termination of the candidate controlled committee, the campaign bank  
10 account associated with that committee must be closed. No further activity, including receipt of  
11 contributions or making of payments, is allowed after the date of the termination of the  
12 committee unless the committee and a campaign bank account are reopened pursuant to this  
13 regulation. Contributions received while a committee is closed after the termination of the  
14 committee must be returned to the contributors. Contributions received by a committee reopened  
15 in accordance with this regulation are subject to the limits applicable to the election for which the  
16 committee was originally formed as well as 2 Cal. Code Regs. sections 18531.6, 18531.61 and  
17 18536.

18 (d) Candidates who are elected to an elective state office must terminate any controlled  
19 committees ~~that were~~ formed for ~~any~~ local elections ~~that were~~ held concurrent with or prior to  
20 their election to state office. Such termination shall be pursuant to 2 Cal. Code Regs. section  
21 18404 and shall be no later than December 31, 2002 for committees formed by candidates who  
22 currently hold elective state office pursuant to an election held prior to January 1, 2001, and

1 within 24 months of the candidate's election to state office if he or she is elected on or after  
2 January 1, 2001.

3 (e) The committee shall give at least 60 days notice of its impending termination to all  
4 creditors ~~to whom it owes outstanding debts~~. Such notice shall include the date upon which the  
5 committee expects to file its terminating statement of organization.

6 (f) A committee may submit a request to the Executive Director of the Fair Political  
7 Practices Commission for an extension of up to six ~~month's~~ months' duration in which to  
8 comply with the requirements of this section. Such a request shall be submitted to the Executive  
9 Director no later than 45 days prior to the original due date for the committee's termination, and  
10 shall include evidence supporting any of the factors set forth in subdivisions (f)(1) through (f)(3)  
11 of this regulation upon which the committee is basing its request for extension. Requests to  
12 renew the extension for additional periods of up to six months must be submitted to the  
13 Executive Director no later than 45 days prior to the expiration of the prior extension. If the  
14 request for extension is received by the Executive Director fewer than 45 days prior to the  
15 original due date or the expiration of any prior extension, the request for extension is  
16 automatically denied. The Executive Director may, for good cause shown, waive this  
17 requirement.

18 Within 15 days after a request for extension that is timely filed is received by the  
19 Executive Director, the committee making the request shall be notified in writing of the decision  
20 of the Executive Director. If the request for extension is denied, the notification shall state the  
21 reason for the denial and shall advise the committee whether the committee may request an  
22 appeal to the Chairman pursuant to 2 Cal. Code Regs. section 18404.1(g). However, an  
23 automatic denial or a late-filed request that is waived by the Executive Director is not subject to

1 the appeal procedure of 2 Cal. Code Regs. section 18404.1(g), unless such appeal is authorized  
2 in writing by the Executive Director. The Executive Director's authorization of such appeal, if  
3 given, shall specify a date no less than 10 days before the termination deadline by which such an  
4 appeal must be filed. For late-filed requests, the written notification shall issue prior to that time  
5 period.

6 In denying or granting the request for extension, the Executive Director shall consider the  
7 following:

8 (1) Whether the committee:

9 (A) Is continuing to receive contributions toward its outstanding debts;

10 (B) Has, in the previous 6 months, raised significant funds toward its outstanding debts;

11 (C) Demonstrates the ability to discharge its debts, loans and other obligations; and

12 (D) Has filed all required campaign statements; or

13 (2) Whether the candidate or committee is a party to litigation arising out of his or her  
14 candidacy or status as an elected official, or anticipates the filing of such litigation; or

15 (3) Other good cause shown.

16 (g) When the Executive Director notifies a committee that files a timely request for  
17 extension that its request has been denied, the Executive Director shall establish and state a  
18 deadline by which the committee may submit any appeal of the denial of its request for extension  
19 to the Chairman. The deadline shall be no less than 10 days after transmittal of the notification  
20 of the denial of the request for extension. Any such appeal shall:

21 (1) Be submitted to the Commission Offices either in person, by fax, or by overnight  
22 delivery service;

1 (2) Include all evidence submitted with the original request for extension supporting any  
2 of the factors set forth in subdivisions (f)(1) through (f)(3) of this regulation upon which the  
3 committee is basing its request for extension; and

4 (3) Directly address the reasons for the denial of the request stated in the Executive  
5 Director's notification to the committee.

6 The Chairman's decision shall be final, and may not be appealed to the Commission.

7 (h) This regulation does not apply to local candidate controlled committees, except as  
8 provided in subdivision (d) of this regulation.

9 {**DECISION POINT 2:**}(i) Reopening of Terminated Committees: A committee  
10 subject to the requirements of this regulation may submit a request to the Executive Director to  
11 reopen if either (or both) of the following situations apply:

12 (1) The reopening of the committee is necessary to receive a refund or similar payment  
13 not anticipated at the time of termination under 2 Cal. Code Regs. section 18404, which was  
14 received after termination of the committee. Expenditure of the refund or similar payment must  
15 be made consistent with Government Code sections 89510 – 89519, as applicable.  
16 Notwithstanding the rule above, the refund or similar payment can be applied to debts which the  
17 committee declared it had no intention or ability to discharge under 2 Cal. Code Regs. section  
18 18404; or

19 (2) The reopening of the committee to receive payments and make expenditures  
20 complies with 2 Cal. Code Regs. 18531.6 and 18531.61 and is necessary for the following  
21 reasons only:

22 (A) To pay a fine as permitted under Government Code section 89513(c);

1        (B) To pay expenses incurred in connection with an audit of the committee under this  
2 title;

3        (C) To pay litigation expenses as permitted under Government Code sections 89513 and  
4 89514, other than expenses subject to Government Code section 85304 and 2 Cal. Code Regs.  
5 section 18530.4;

6        **{DECISION POINT 3:}**[(D) To pay to the General Fund monies determined to be  
7 laundered in violation of Government Code section 84301 and received through the committee;]

8        **{DECISION POINT 4:}**[(E) To refund contributions received in excess of contribution  
9 limits of Government Code sections 85301 and 85302;] and

10       **{DECISION POINT 5:}**[(F) Any other good cause evidenced that would further the  
11 disclosure requirements and contribution limits of this title.]

12       (j) Procedures for Reopening Terminated Committees: In order for the committee's  
13 reopening to be effective, the committee must:

14       (1) File an amendment to Form 410 (Statement of Organization) declaring the  
15 committee's reopening with the Secretary of State along with written authorization from the  
16 Executive Director granting the reopening of the committee;

17       (2) File a copy of the statement of organization with the local filing officer, if any, with  
18 whom the committee is required to file the originals of its campaign reports pursuant to  
19 Government Code section 84215;

20       (3) Mark "Amendment" on the Form 410 and list the committee's original identification  
21 number and name; and

22       (4) Include the word "Reopened" in parentheses after the committee name on the Form  
23 410.

1           (k) A reopened committee is subject to all of the committee filing requirements of this  
2 title including those specified in subdivision (j) of this regulation.

3           (l) A reopened committee must terminate when the reason the committee was approved  
4 to reopen has been completed by complying with the requirements of regulation 18404(b) and  
5 (c).1

6 NOTE: Authority cited: Sections 83112, 84102 and 84103, Government Code.  
7 Reference: Section 84214, Government Code.